



Arizona State Retirement System

3300 North Central Avenue, Phoenix, AZ 85012
WWW.AZASRS.GOV

Fact Sheet

Contact information:
Member Services Advisory Center
Phoenix (602) 240-2000
Tucson (520) 239-3100
Toll-free (800) 621-3778

RETURNING TO WORK AFTER RETIREMENT

Arizona statute and federal age discrimination laws require the ASRS to treat rehired annuitants under the same membership rules as any new employee. The member status of a retired member returning to work with an ASRS employer shall be determined according to the same criteria applied to any employee of the employer. This means that the same 20 weeks of 20 hours membership criteria applies to both new members and rehired members.

Returning to Work After Normal Retirement (ARS §38-766)

Arizona Revised Statute §38-766 allows members who retire on or after reaching normal retirement to continue working and all members who have truly terminated employment (i.e. there is no agreement to be rehired when they terminate) to resume working while still receiving retirement benefits as long as their employers agree that they will work either 1) less than 20 hours a week for any length of time, or 2) 20 hours or more a week for no more than 19 weeks in any fiscal year and less than 20 hours per week for the remainder of that fiscal year.

If the employer re-employs the member with the employer's intent that the member will meet the 20/20 criteria for membership, the pension is suspended immediately and retirement contributions will be withheld from the member's wages. Or, if the member continues working 20 hours or more per week for 20 weeks or more, the member will resume active membership the first day of the 20th week, the ASRS will suspend the member's pension benefit and the member's employer will withhold retirement contributions from the member's wages. The member may owe a refund to the ASRS for any retirement benefits received after the member's benefits should have been suspended.

EXAMPLES:

- A. The member retires June 30 of a given fiscal year. The member returns to work July 1. With the prior agreement of the employer, the member may work for 19 weeks full time and then reduce the hours to less than 20 hours a week for the remainder of the fiscal year. **If, however, the employer is hiring the member with the intent that the member will meet the 20/20 membership criteria, the member's right to retirement benefits will be suspended immediately and ASRS contributions are withheld from wages.**
- B. The member terminates work October 15 and retires October 16. The member has already worked 15 weeks full time. This leaves 4 weeks after retiring that the member could work full time. After working the 4 weeks the member must reduce their hours to less than 20 hours a week for the remainder of the year. **Again, if the employer is hiring the member with the intent that the member will meet the 20/20 membership criteria, the member's right to retirement benefits will be suspended immediately and ASRS contributions are withheld from wages.**

(over)

July 2006

Returning to Work After Early Retirement (ARS §38-766)

If the member retired before reaching normal retirement - age 65, age 62 with 10 years of service, or at 80 points (age plus years of service) - the member can not return to work for the same ASRS employer without a break in service. That is, there must be a true termination of employment in order to comply with Internal Revenue Service Code. The employer may be required to show proof that no re-employment guarantee was made verbally or in writing with the member before the member retired.

Those members retiring before reaching normal retirement who return to work for an ASRS member must not meet the 20/20 criteria for membership, or their retirement benefits will be suspended.

EXAMPLES:

- A. The member retires June 30 of a given fiscal year. The member returns to work August 1. With the agreement of the employer, the member may work for 19 weeks full time and then reduce their hours to less than 20 hours a week for the remainder of the fiscal year. **If the employer is hiring the member with the intent that the member will meet the 20/20 membership criteria, the member's right to retirement benefits will be suspended immediately and ASRS contributions are withheld from wages from the first day of employment.**
- B. The member terminates work October 15 and retires October 16. The member has already worked 15 weeks full time. This leaves four weeks after retiring that the member could work full time. After working the four weeks the member must reduce their hours to less than 20 hours a week for the remainder of the year. **If the employer is hiring the member with the intent that the member will meet the 20/20 membership criteria, the member's right to retirement benefits will be suspended immediately and ASRS contributions are withheld from wages from the first day of employment.**

Returning to Work After Normal Retirement and Being Retired 12 Months From Retirement Date (ARS §38-766.01)

A member who is at normal retirement (age 65, or at age 62 with at least 10 years of service, or at 80 points) and retired for 12 months (not meeting conditions for ASRS membership) may return to work, or continue to work, any amount of time and continue to receive pension benefits. Such a member must acknowledge the conditions of their work and notify the ASRS and their employer in writing of their intent to work and not have retirement contributions withheld from their pay and not accrue additional credited service or LTD benefits.

EXAMPLES:

- A. The member retires on June 30, 2005. The member is age 62 with 10 years of service. The member may return to working 20 or more hours a week at 20 or more weeks a year for an ASRS employer on or after July 1, 2006.
- B. The member retires on December 30, 2005. The member is age 52 with 26 years of service. (Age 52 plus 26 years of service equals 78 points.) The member is an early retiree and may continue to work less than 20 hours per week without any effect on pension. Once the member has reached normal retirement age (two years after retirement in this example), the member may resume full time employment without a suspension of retirement benefits. However, if the member while on early retirement meets the 20/20 membership criteria during the months prior to reaching normal retirement, the pension is suspended. The member must re-retire and must once again be at normal retirement and retired one full year before participating in the Return to Work Program.